

9:00 CHIARA TO THE COURSE FOR PARTICIPANTS IN THE ECONOMY OF COMMUNION PROJECT AND GENEVIEVE SANZE – CHALLENGES FOR DEVELOPMENT AND POVERTY, FROM COMUNION PROSPECTIVE

Mariapolis Center, Castel Gandolfo, 5 April 2001

**Chiara to the Course for Participants in the Economy of Communion Project
“Four Essential Aspects of the Economy of Communion”**

Let's pass on now to the third point: “new men and women”.

During this past decade between 1991-2001, the need emerged for the economy of communion to have and to form “new men and women”.

But who are these “new men and women”?

They are lay people, and lay people are living a privileged moment today.

All of us are probably familiar with those wise words of the Old Testament which say: “There is an appointed time for everything, and a time for every affair under the heavens. A time to be born, and a time to die. (...) A time for keeping silence, and a time for speaking. (...) He (God) has made everything appropriate to its time” (Qo 3:1-11).

Well then, we must ask ourselves: what time are we living now? What time is this for the Church?

The answer comes from John Paul II: “Today we can speak of a new era of the lay faithful,” our era.

If this is so, it is our time, your time, that of the laity.

Now, because the Lord guides the history of the world and of the cosmos

and at the same time, the small life-story of each one of us, his sons and daughters, we should ask ourselves: how does he want us, lay people, to be in this moment?

The Holy Spirit has already answered this question in two ways: through the Second Vatican Council and the rising up of new Movements in the Church.

The message that the Council gives us is this: lay people must sanctify themselves where they are, in the world. Therefore, as laborers, employees, teachers, politicians, economists, truck drivers, housewives, and so forth.

Wherever they are – the Council continues – they are called to christianize (to renew through the Gospel) the various ambits of human society: through the witness of mutual love and the spoken word because the Holy Spirit gave special gifts to lay people for this very purpose. The world cannot be christified, cannot be clarified, cannot be illuminated except through lay people: they are the instruments; not the bishops, not the priests, no, they have other tasks. If lay people are missing in the Church, a very important part is missing, the most important part, at least as far as numbers are concerned. The lay people are the ones who must do this. This is what the Council said.

And the Movements? Moreover, the various Movements are all different ways which help lay people to achieve what is expected of them by the Council. The charisms help us to do what the Council says, that is, to sanctify themselves by animating human realities.

They are the ones who can do this, and especially them. How? Through the Gospel.

There's something very beautiful here! What are these Movements, like ours?

From the very beginning of Christianity, Movements rose up in the Church as the charismatic aspect of the Church. At times, the Church would fall into a boring routine, a standstill as far as the spiritual life was concerned, there wasn't much interest. And so God gave rise to these Movements, as he did in the times of St. Benedict, and then of St. Francis, who were animated by such a strong Gospel spirit that they lived the Gospel in an absolute, radical way. Our Movement is one of these; that's why we speak of the Gospel, we have the Word of Life; that's why we speak of love, we speak of giving as the summary of our life.

In fact, the Movements have this characteristic: their members are called to live the Gospel in a radical way, to live the Gospel with authenticity, sine glossa, without comment, St. Francis would say. This is a great vocation – ours – which enhances the dignity of lay people, also those who are part of the Movement.

And through them the Gospel can really penetrate every aspect of the worlds of economy and work, of politics, law, health, education, art, and so on, transforming everything, as happens in our Movement. By means of a new economy, for example, which puts the human person at its center and destines considerable amounts of profit to the needy; or by means of a new politics, which requires that at the basis of each politician's life there be love for every other politician, even those belonging to opposition parties, so that they can understand and complete one another. And while remaining faithful to one's own ideals and commitments, to work together with others in order to safeguard the basic values of man, of the common good.

In 1998, we pointed out that these are lay people, yes, but special lay people, called to such achievements perhaps for the first time in the history of

the world. The concepts of that talk are as follows:

“When we consider the economy of communion, we must look at one of the factors which makes it so beautiful and alive, a model for the world: it is set up and brought forward by lay people.

I remember that in the past lay people were considered as persons who could only learn. Igino Giordani – our cofounder, soon to be proclaimed a saint – because he was a layman, he felt that he belonged to the proletariat in the Church.

Now, in the wake of the Second Vatican Council, and in view of the new Movements, like ours which originated with lay people – I was a lay woman, the first focolarine and focolarini were lay people – we see the lay person coming forward and taking a leading role. Why? To our wonder and surprise, we are discovering, with great gratitude to God, that certain lay people today have something special about them. They do not find fulfillment in a job, a career, or simply in their family life. It's no longer enough; they are not satisfied, they do not feel that they are themselves unless they can also devote themselves to humanity explicitly.

This is why their decision to become involved in the economy of communion, for example, is not a burden for them; on the contrary, it's a joy because they find a way to fulfill themselves completely.

And it is indeed moving – I am always moved by this: they could put those profits in their own pockets, buy a fur coat for their wife, new gifts for their children, a car for their son... But they don't. They live for a great Ideal and they are consistent.

They become holy not in spite of politics, economy, and so forth, but precisely in the life of politics, economics, etc.



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May God bless them and repay them a hundred times over already in this life and afterwards with the fullness of everlasting life.” (applause)

What more can we say about these “new men and women”?

First of all, they are people with a strong faith because they have a profound interior life. Again, in 1998 we said: “If in carrying out the economy of communion we live the Gospel, we seek his kingdom because our relationships with our workers, our employees, is a relationship between Jesus and Jesus; with customers or clients, between Jesus and Jesus; with competitors, between Jesus and Jesus; if we live in this way, the Eternal Father will look after us.

“We see small and not so small miracles of grace taking place in the world of the economy of communion. Companies that began with three workers now have more than two hundred.... Industries that were ready to close down, but continued to hope, saying: ‘We can go ahead for another day...’ found the means to get them over the critical phase.

“In other words, there is Someone else, and there is another fund which is not the one we have in our office. It’s a heavenly fund that opens at the right moment.”

10:30 Panel 2: poverty and development**Poverty and Development from the Perspective of an MFI operating
along the Principles of EOC - Teresa Ganzon**

One of the most popular interventions in the field of poverty and development today is microfinance. It has gained popularity especially after its foremost proponent, Mohammed Yunus, alongside the bank he had established, the Grameen Bank, were jointly awarded the Nobel Peace Prize in 2006 “for their efforts to create social and economic development from below”.

Though the most commonly known aspect of microfinance is credit, specifically credit for business purposes, the broader definition is really all about access to financial services by the low income groups and includes savings, insurance, housing and educational loans, to name a few.

To deliver these financial services to the poor or mass base though, can be quite costly in terms of manpower, both in servicing the clients as well as processing thousands of small transactions daily. The systems have to be in place to monitor each transaction, each client, on a weekly basis – to ensure that the money loaned out went to a productive purpose and to keep a constant reminder to the clients that they had to set aside a committed sum ever day or every week – in order to pay back the loan extended to them. It is because of these costly

interventions that credit delivered and collected in small, numerous doses necessarily carried high interest rates in order to be sustainable. The genius of Yunus though, lay in the fact that he not only showed the world that lending to the poor was viable. The example of the growth of Grameen Bank into the conglomerate that it is today in Bangladesh (being a major partner in the largest telecom in the country and other allied undertakings) also showed that lending to the poor could be a very profitable business. And while the early followers of microfinance were NGOs involved in development work and were therefore very clear in their objectives in helping their client-beneficiaries, over time, different kinds of financial institutions – ranging from small private lending companies to commercial banks who began acquiring rural banks engaged in microfinance – entered the game with no clear social objectives but merely for the attractive margins the product could generate.

Today, much concern has been surfaced about the commercialization of microfinance and its ill effects on the very people it was created for. The “cult of scale” or rapid expansion pursued by some players has sacrificed quality of service, cutting corners in training of account officers and employing harsh collection methods in place of educating the clients and instilling discipline in them for long-term sustainability. The advent of big MFIs entering the stock market has, per force, introduced the element of ROI as expressed in financial terms for the market.

Competition has also led to client over-indebtedness and credit pollution so that the benefits of microfinance are today being questioned (unfairly, in many cases) by some quarters, for political

reasons or otherwise, and some governments are going the extreme in their attempts to regulate the MFIs.

This is not to say microfinance is not beneficial. We cannot ignore the individual stories of the millions of women and families for whom access to financial services has become an anchor for stability, growth, even transformation and empowerment, not only for themselves but for their families and even communities.

Can the EOC offer something to the microfinance sector and the practitioners who genuinely want to achieve their development aspirations through the provision of financial services designed for the marginalized in society?

How might the EOC principles serve as a guide towards microfinance remaining focused as a development intervention? Allow me to go back to some of the characteristics of “development in communion” as Francesco mentioned:

1. The pursuit of integral development of the human person at all times – meaning to go beyond merely providing financial services and to channel back some of the margins towards social organization and the building of fraternity – between the MFI staff, the clients and the community.

Despite pressures brought about by competition, BK as an MFI has chosen to pursue group organization in the delivery of microfinance, even as it also offers an individual MF facility. Building a cohesive group that will foster solidarity amongst its members to the point of each one

willing to help the one unable to settle her obligations when emergencies arise – is not only arduous but expensive. Initial and continuous training of an account officer who is also social organizer is not only expensive – but truly challenging.

But the result is being able to establish deeper relationships with the clients and approximating the spirit of the family with the centers. Young account officers have developed a commitment that surprised even themselves....travelling long distances, walking under the elements, week after week, in order to meet their clients, facilitate discussions, share new technologies, encouraging them while reminding them of the discipline of repayment and responsible handling of resources. In the general assemblies we have held as a company through the years, it is almost always the microfinance account officers that come up to share how they have found meaning in their lives while working for the bank.

2. Adopting a mental framework that we do not “work for” but “work with” those we seek to help.

Looking at our clients as clients and not beneficiaries is a way of avoiding lapsing into a paternalistic attitude towards them. At all times, we emphasize that it is the business that our microfinance clients give us that contribute to our earnings as an enterprise. And therefore, like any valued client, we have to listen to them, understand their needs and continuously develop products that they demand.

We developed educational loans and micro-housing loans as responses to needs our clients expressed during focus group discussions. We are

kept on our toes in the effort to remain relevant in their lives and able to provide the services they seek.

Working with them also means making them part of the over-all effort to develop others after they have been helped themselves. Some mothers, experienced microfinance leaders, undertook training and also conduct entrepreneurship classes which help the others open their eyes to more livelihood opportunities. Or how to grow their microenterprises more. We aptly call them our CDOs – Community Development Officers, partners of Bangko Kabayan in promoting growth through entrepreneurship at the village level.

Center leaders also provide leadership in their respective barrios or communities and local church as being a microfinance client has also exposed them to other communities and actions that have helped them develop their leadership qualities.

3. EOC as a model open to all

Certainly, the principles of communion, solidarity, financial inclusion are cornerstones of microfinance as well. Our experience with our clients from low-income groups has proven that each person is capable of sharing – their time, their talent and yes, even their hard-earned and small financial resources when the occasion arises – with their co-members in the groups or centers. What may begin as a contractual relationship with the bank, ripens to a trust relationship over time. Reciprocity is established as the microfinance clients have proven to be the base of mass support for the bank in the community, ensuring not only its survival but its growth as well.

In summary, there is much the economy of communion can contribute to an established development intervention such as microfinance in terms of maintaining clarity of vision and mission, underlining “working with” the disadvantaged and avoiding the paternalistic stance and contributing to an over-all goal of solidarity, beginning with the smallest unit of community they belong to.

Development and Poverty – In Search of a New Paradigm

Dr. Lorna Gold, Trócaire, Ireland

Recently, I was at a conference in Dublin on the impact of climate change. A woman from some islands in the South Pacific gave a powerful account of how climate change is affecting their community. Already, one of the main islands has been split in two by rising sea levels and the communities have been forced to move to another bigger island to avoid the sea. Nobody wants to move – and no-one can understand what is happening to their islands, which it is estimated will no longer exist within a decade.

This example really brought home to me the global crisis we are facing in terms of development and poverty. It is a crisis which could be defined as one of ‘environmental sustainability’ – but ultimately, it is a human crisis: one which has many facets, but which is very quickly forcing us to radically rethink the concepts which underpin our understanding of poverty, development and economics. It is a crisis which means that unless there is a radical shift in thinking and policy direction, far from meeting the Millennium Development Goals by 2015,

the next decade could see profound reversals in terms of the gains in human development.

Global Trends

In a recent piece of 'horizon scanning' research carried out by Trócaire, we asked 100 leading experts from around the world what they regarded as the biggest challenges in terms of addressing development and poverty and what needs to be done to address those challenges.¹

1. Climate Change

According to the research we did, climate change can no longer be considered a development issue, but the Key Context that will shape development. Those living in poverty are disproportionately affected by climate change and least able to adapt to it. Countries trying to cope with a high level of poverty often have a lower level of adaptive capacity due to lack of infrastructure services and weak governance. By 2020, between 75 and 250 million people in Africa are projected to be exposed to increased water stress, and in some countries yields from rain-fed agriculture could be reduced by up to 50%. There will be more humanitarian crises, linked to increased migrations, instability and conflict. A key issue will be reaching a global agreement on adaptation and mitigation, including finance mechanisms.

2. Shifting Geopolitics

¹ See Trócaire, 2011, Leading Edge 2020: Critical Thinking on the Future of International Development.
www.trocaire.org/leadingedge2020

The second trend shaping global poverty and development is the shifting global balance of power. The G8 has replaced the G20 as the de facto forum for global economic governance. We may be entering into either a 'multilateral' or 'G2' world where the US and China are essential for all global agreements. Currently, the BRICs combined GDP equals 15 per cent of world output, and their central banks are sitting on 40 per cent of the world's hard currency reserves. Growth projections for the BRICs indicate they will collectively match the original G-7's share of global GDP by 2040-2050. The research highlights that the growing power of the BRICs may force a change in the model of development, but not necessarily one which would lead to a more sustainable future. The emerging countries are seen to push a 'no-nonsense' model of development, where you build the hardware first, and deal with the social dimensions later.

3. Shifting demographics

The third trend highlighted in the research is the dramatic shifts taking place in global population. Population growth, migration and urbanisation are all set to become increasingly more significant. In sub-Saharan Africa, population is projected to double by 2050, Global population is projected to increase by roughly a third by 2050, to 9.2 billion and, significantly, this growth will not be uniform across regions. It is projected that largely stable, aging populations in the North will contrast with continued growth in the global South: of the projected 2.3 billion increase in population between now and 2050, 2.25 billion will be accounted for in countries now part of the Global South. In 2008, for

the first time more than half the world's population lived in urban areas and by 2050 it is likely that 70% of the world's population will live in urban areas. Migration has been linked with benefits such as increased remittances, however it is also linked to so-called 'brain drain.'

4. Pressure on natural resources

Another critical trend connected to the above is the additional pressure on water, food, air and energy in the next ten years. The presence of natural resources in countries with weak governance structures will continue to exacerbate the likelihood of conflict. This problem is being exacerbated by new industries such as bio-fuels which are growing to address the environmental crisis. Pressure will increase on natural resources, which will lead to access and control of these resources becoming central to geopolitics. African countries will be disproportionately affected. The next ten years will see a significant increase in land grabs. The demand for land has been growing, particularly since the 2008 food crisis. Land grabs are predicted to become much more common, as will the practice of industrialised countries increasingly renting large tracts of land from developing countries. There are many ethical issues linked to this which will become increasingly problematic.

5. Growing inequality

Finally, the persistence of global, regional and national inequality will be a major issue in the coming decade. Greater focus is being placed on inequality within countries. It can take 3 x the amount of economic

growth to reduce poverty in countries with high levels of inequality than in countries with low levels of inequality. The relationship between economic growth and inequality, however, is highly complex. Many countries that are now Middle Income Countries have less access to development funding, but still host large numbers of people living in poverty.

Global inequality may need to focus more on the overconsumption of the north than the poverty of the south. Better economic governance at a global level, particularly in the area of trade, will be essential if underlying global inequalities are to be addressed. The trading system needs reform but since the stalling of the Doha round no progress has been made. The problems associated with inequality will increase, particularly in middle income countries. As highly unequal countries become 'middle income,' their aid will reduce and development agencies will increasingly be faced with a dilemma: what should their relationship with these countries be?

Inadequate Response

What emerges from this research, is the strong sense that all of the trends are deeply inter-connected and mutually re-enforcing. They point to serious deficiencies in the underlying conceptual and practical models of development which are being applied globally. Whilst poverty may be tackled at a local level, without changes to the overarching model of globalisation, and the assumptions underpinning it, these efforts, no matter how inspiring, are under serious threat. It is a serious possibility that not only will the Millennium Development Goal not be met in 2015,

but by 2020, as a result of the interlocking trends, they could be in reverse.

The research points to the prospect of serious divisions in terms of the global direction in the coming decade. The rise of middle income countries and new powers is accelerating the sense of a divide in global politics. Within some countries there is a growing movement towards greater social and environmental sustainability – and a sense that this is critical to the future. In other countries, there is a sense that embracing such goals is secondary to the primary objectives of consumer driven economic growth.

There are no easy solutions to the global problems outlined above and to fall into a kind of over simplistic 'anti-development' approach. One of the big challenges in addressing this is how to distinguish between the negative impacts of consumerist based economies, whilst appreciating the indisputable positive impacts which such development can bring. For example, within the most developed countries, technological advance has brought clear benefits in terms of basic human needs: access to medical advances, adequate housing, better nutrition. This is clearly evident in the Human Development Index for those countries. Whilst recognising the negative environmental and social consequences of affluence, it is important not to romanticise the economic and political failure which forces nearly two billion people to live in extreme poverty.

In search of a new paradigm

There is a growing recognition in some quarters that new concepts are essential if there is to be a shift towards a more socially equitable and environmentally sustainable future. The fact that over 1000 economists recently signed on to a petition towards the G20 calling for the institution of a Tobin Tax is one sign that things may be shifting. Other important concepts are now emerging which would offer some way forward in finding a new paradigm. These include ideas such as global public goods, steady state economics and the economics of enough.

So how does the EOC help us to find solutions to these interconnected problems? In order to answer this we need to step away from traditional economics and open our minds to a whole new vocabulary. It is a vocabulary which could seem strange – but it was the great scientist Albert Einstein who said that in order to solve any of the big problems of the world we need to move to a higher level of reasoning. I would like to reflect briefly on three words which for me capture the essence of the EOC in these first 20 years and can provide a light for this difficult moment of globalisation. These words are faith, hope, and love.

How does *faith* relate to the EOC? Over the past 20 years we have reflected long and hard about the relationship between the EOC and its 'faith roots'. At some points we have diverted towards trying to explain the EOC in layman's terms. It has proved very hard to do! This is because at the most fundamental level, what the EOC offers is not really a vision of the economy or globalisation – but a new vision of the human person in their multi-dimensional reality, including economic relationships. It is no surprise that the first book on the EOC back in the

mid-1990s was called 'towards a multi-dimensional economics'. It is this Trinitarian vision of the human person, shaped by a profound faith in the Gospel, which gives the EOC its distinctive character. It is the DNA of the project. As the project has matured, this faith dimension has come more to the fore. It provides the solid foundation which many other policy prescriptions lack.

Importantly in today's world, however, faith and the EOC does not represent something fundamentalist or exclusionary. Being true to the faith underpinnings of the EOC is the springboard for a profound dialogue based on a quest for shared values. It is the springboard which enables those in the frontline to build bridges with others of good will, whilst treasuring what is specific to the project. This faith dimension is deeply significant in today's globalised world, fragmented by religious division.

The second aspect I would like to mention is *hope*. The existence and resilience of the EOC gives us hope that another way is possible. One of the common reactions to the challenges I outlined is a sense of deep despair and as a result, a tendency to fall back on 'business as usual'. The EOC, as a communal experience provides us with an example of hope. It is a hope which is deep rooted – and gives the power to overcome many obstacles. It is a hope which is not dependent on whether individual business ventures succeed or fail. It comes from being part of a bigger project. This deep rooted hope finds expression in the myriad experiences of all those engaged in the EOC in their daily lives: whether it is in the transformation of the lives of those living in poverty through receiving help from the profits or in the reaction of

clients to a new line of products. This enables them to overcome great difficulties.

The EOC, moreover, is a profoundly 21st century idea. I would argue that it is only coming of age now. It is said that this is the era of people power as opposed to organisations. It is not an organisation as such – it is a networked community of people who together build and share meaning. We should not underestimate the transformative power of hope. It is only hope that can begin to build the political will to make the major policy changes necessary to halt the unsustainable economic patterns.

And so to the final word: *love*. Since the outset the EOC has also been described as the 'economy of love'. It is a word which has sat uncomfortably with the terminology of economics, but is one which is really at the very heart of the project and without it the project would make no sense. Without love, the EOC would never have come into existence in the first place! So how does love offer an answer to the major problems I outlined above? Over the past 20 years, the EOC has shown that being an economy of love brings about an explosion of new ways of thinking and behaving in the economic sphere. This has opened up the space for concepts which have been long since forgotten in the world of economics (or better, they were always there but never put in relief). Concepts such as happiness, gratuity, solidarity and sharing are really at the heart of a new way of being which enriches economics and has the power to also transform the policies governing the economy.

In particular, the practice of sharing (which we know as communion at its most profound level) has the capacity to radically transform the economy. Our entire economic system is based around the idea of individual private property and scarcity of finite resources. The fact that something is defined as mine excludes you. But we know from the experience of the EOC – rooted in living communities – that the ‘finite’ nature of resources is often something that exists in our heads. Chiara Lubich once said: “why can’t yours and mine become ours?” This very simple thought which is lived out every day in the EOC has the power to release millions from poverty. Once you begin to think of resources as something which can be shared freely, ‘held in common’, they tend to multiply. Not only, but the power of sharing has the potential to also overcome many environmental problems where it is connected to the fundamental assumption of increasing private consumption.

Conclusion

In this intervention tried to give an overview of the problems currently associated with globalisation. Overall, the picture painted by the research is quite negative. It seems in many ways that despite the advances, the current crisis is an intensification of the issues highlighted in the Commission for Sustainable Development, and at the Earth Summit in Rio in 1992.

In the face of this crisis, the EOC can give us great hope for the future. Over the past 20 years the foundations of the project have matured and now we can see with clarity that other economic models will pass. Like the fall of the Berlin Wall in 1989, the current crisis will give way to other paradigms and as St.Paul says: “Only these three things will remain: faith, hope and love. And the greatest of these is love.”



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